

AMENDED IN SENATE JANUARY 5, 2004

AMENDED IN ASSEMBLY JUNE 4, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1417

Introduced by Assembly Member Pacheco

February 21, 2003

~~An act to amend Section 84207 of, and to add Article 1.5 (commencing with Section 84730) to Chapter 5 of Part 50 of, the Education Code, relating to community colleges, and making an appropriation therefor. An act relating to community colleges.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1417, as amended, Pacheco. Community colleges.

Existing law requires the Chancellor of the California Community Colleges, in calculating each community college district's revenue level for each fiscal year, to subtract, among other things, local property tax revenue specified by law for general operating support, exclusive of bond interest and redemption, from the total revenues owed.

This bill would set forth legislative findings and declarations and intent relating to the community college general apportionment system.

~~(1) Existing law requires the county auditor of each county to furnish to the Board of Governors of the California Community Colleges, on or before November 15 of each year, the actual previous year's receipts, along with estimated current year receipts for secured tax receipts, unsecured tax receipts, prior year tax receipts, timber tax receipts, and any other appropriate taxes or subventions for each~~

~~community college district or portion of a district situated within the county.~~

~~This bill instead would require the county auditor of each county to furnish estimated previous year's receipts along with the estimated current year receipts to the Board of Governors of the California Community Colleges on or before November 15 of each year, and would require the county auditor of each county to furnish actual previous year's receipts, along with revised estimates of current year receipts, to the Board of Governors of the California Community Colleges on or before April 30 of each year, thereby imposing a state-mandated local program.~~

~~(2) Existing law requires the Chancellor of the California Community Colleges, in calculating each community college district's revenue level for each fiscal year, to subtract, among other things, local property tax revenue specified by law for general operating support, exclusive of bond interest and redemption, from the total revenues owed.~~

~~This bill would require the annual Budget Act to specify the total local property tax revenue, as defined, student enrollment fee revenue, and federal oil and mineral resource and donations revenue for community college districts upon which the General Fund appropriation for community college districts is based.~~

~~The bill would require the chancellor to certify to the Controller, at specified times, the amount of local property tax revenue and student enrollment fee revenue estimated for the current year and actual property tax revenue and student enrollment fee revenue for the prior fiscal year.~~

~~The bill would require the Controller to transfer funds between the General Fund and Section B of the State School Fund, as applicable, based on whether the amount of property tax revenue and student enrollment fee revenue received plus any previous amount transferred to Section B of the State School Fund is greater than or less than the amount specified in the annual Budget Act. The bill would thereby make an appropriation. The bill would provide that these provisions be implemented commencing in the 2005-06 fiscal year. To the extent that the funds appropriated by this bill are allocated to community college districts for purposes of the bill, the funds may be applied toward the minimum funding requirements imposed by Section 8 of Article XVI of the California Constitution.~~



~~(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

Vote: majority. Appropriation: *yes no*. Fiscal committee: *yes no*. State-mandated local program: *yes no*.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 84207 of the Education Code is~~
2 *SECTION 1. The Legislature finds and declares all of the*
3 *following:*
4 *(a) As noted in the Simplification of Community College*
5 *Apportionments Final Report, which examined the community*
6 *college general apportionment system, the present system,*
7 *composed of a highly complex series of calculations, can be*
8 *readily simplified. The existing standards upon which*
9 *comparisons are made between districts have little correlation to*
10 *per full-time equivalent students (FTES) expenditures. The report*
11 *recommends that allocations be based on the prior year credit base*
12 *revenue per credit FTES. Also, since the standards were*
13 *established in 1991–92 and have simply been adjusted by the*
14 *annual cost-of-living adjustment for a decade, they likely have lost*
15 *some of their value as a benchmark for allocations.*
16 *(b) Other studies have made similar recommendations.*
17 *(c) Noncredit student reimbursement within the community*
18 *college system is already allocated at the same level of funding per*
19 *FTES throughout the system. Regardless of whether a noncredit*
20 *student is enrolled in an urban, suburban, or rural district, a*
21 *low-income or high-income district, or a low minority or high*
22 *minority population district, every noncredit FTES is reimbursed*
23 *at the same level. In contrast, credit FTES, representing well over*
24 *90 percent of the students enrolled in California’s community*

1 colleges, varies widely throughout the state. Further, the variance
2 appears to be growing, severely penalizing students attending
3 schools that are at the lowest end of the funding spectrum. The
4 adequacy of funding for credit and noncredit courses is of
5 importance but equity for credit students must be addressed
6 immediately.

7 (d) Equal access and opportunity for all credit students is not
8 a reality because the application of this outdated formula widens
9 funding disparities.

10 (e) The current funding mechanism penalizes districts with
11 high facility utilization rates.

12 (f) The California Community Colleges system has created a
13 Funding Formula Task Force, but the task force has failed to
14 convene for over a year.

15 (g) The chancellor's office is aware of disparities in funding.

16 (h) Therefore, it is the intent of the Legislature that all of the
17 following should occur:

18 (1) That the Funding Formula Task Force immediately begin
19 to meet on a regular basis.

20 (2) That the community college funding mechanism required
21 under Section 84750 of the Education Code be revised to provide
22 funding on an FTES basis that reduces the current disparities in
23 funding to districts and recognizes reasonable equalization costs
24 that can be implemented through future allocations of growth,
25 COLA, and workload adjustments without reducing district
26 workload requirements.

27 (3) That the Board of Governors of the California Community
28 Colleges report to the Legislature on or before May 15, 2004, on
29 its recommendations for changes to the funding mechanism with
30 full implementation in time for the 2006–07 school year.

31 amended to read:

32 ~~84207. (a) On or before November 15 of each year, the~~
33 ~~county auditor of each county shall furnish to the Board of~~
34 ~~Governors of the California Community Colleges estimated~~
35 ~~previous year's receipts, along with estimated current year receipts~~
36 ~~for secured tax receipts, unsecured tax receipts, prior year tax~~
37 ~~receipts, timber tax receipts, and any other appropriate taxes or~~
38 ~~subventions for each community college district or portion of a~~
39 ~~district situated within his or her county.~~

1 ~~(b) On or before April 30 of each year, the county auditor of~~
2 ~~each county shall furnish actual previous year's receipts, along~~
3 ~~with revised estimates of current year receipts, to the Board of~~
4 ~~Governors of the California Community Colleges.~~

5 ~~(c) The information required by this section shall be forwarded~~
6 ~~on forms prescribed by the Board of Governors of the California~~
7 ~~Community Colleges.~~

8 ~~SEC. 2. Article 1.5 (commencing with Section 84730) is~~
9 ~~added to Chapter 5 of Part 50 of the Education Code, to read:~~

10
11 ~~Article 1.5. Local Property Tax Revenue Allocation~~
12

13 ~~84730. (a) The annual Budget Act shall specify the total~~
14 ~~local property tax revenue (net of excess), student enrollment fee~~
15 ~~revenue (net), and federal oil and mineral resource and donations~~
16 ~~revenue for community college districts upon which the General~~
17 ~~Fund appropriation for community college districts is based. For~~
18 ~~purposes of this section, "total local property tax revenue" means~~
19 ~~local property tax revenue as described in subdivisions (a), (d), and~~
20 ~~(e) of Section 84751, and does not include the revenue described~~
21 ~~in subdivision (b) of Section 84751.~~

22 ~~(b) The Chancellor of the California Community Colleges shall~~
23 ~~certify to the Controller, on or before December 31 of each year~~
24 ~~and on or before May 31 of each year, the amount of local property~~
25 ~~tax revenue and student enrollment fee revenue estimated for the~~
26 ~~current year as reported to the chancellor's office pursuant to~~
27 ~~paragraph (3) of subdivision (b) of Section 70901 and Section~~
28 ~~84207 for use in the calculation of state general apportionment.~~
29 ~~The chancellor shall certify to the Controller, on or before May 15~~
30 ~~of each year, the actual property tax revenue and student~~
31 ~~enrollment fee revenue for the prior year based on information~~
32 ~~reported on each district's Annual Financial and Budget Report~~
33 ~~and Actual Enrollment Fee Revenue Report.~~

34 ~~(c) If the total amount of property tax revenue and student~~
35 ~~enrollment fee revenue identified in subdivision (a) is greater than~~
36 ~~the amount of property tax revenue and student enrollment fee~~
37 ~~revenue identified in subdivision (b) plus any previous amount~~
38 ~~transferred to Section B of the State School Fund pursuant to this~~
39 ~~section for the same period, the Controller, at the time of the next~~
40 ~~general apportionment certification by the chancellor, shall~~

1 ~~transfer an amount equal to the difference from the General Fund~~
2 ~~to Section B of the State School Fund for the purposes of Section~~
3 ~~84750. If the amount of property tax revenue and student~~
4 ~~enrollment fee revenue identified in subdivision (b) plus any~~
5 ~~previous amount transferred to Section B of the State School Fund~~
6 ~~pursuant to this section is greater than the amount of property tax~~
7 ~~revenue and student enrollment fee revenue identified in~~
8 ~~subdivision (a) for the same period, the Controller, at the time of~~
9 ~~the next general apportionment certification by the chancellor,~~
10 ~~shall transfer an amount equal to the difference from Section B of~~
11 ~~the State School Fund to the General Fund.~~

12 ~~84731. This article shall be implemented commencing with~~
13 ~~the 2005-06 fiscal year.~~

14 ~~SEC. 3. Notwithstanding Section 17610 of the Government~~
15 ~~Code, if the Commission on State Mandates determines that this~~
16 ~~act contains costs mandated by the state, reimbursement to local~~
17 ~~agencies and school districts for those costs shall be made pursuant~~
18 ~~to Part 7 (commencing with Section 17500) of Division 4 of Title~~
19 ~~2 of the Government Code. If the statewide cost of the claim for~~
20 ~~reimbursement does not exceed one million dollars (\$1,000,000),~~
21 ~~reimbursement shall be made from the State Mandates Claims~~
22 ~~Fund.~~

